

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

**AUDIT OF THE DISTRICT'S
DEPARTMENT OF MOTOR VEHICLES
TICKET PROCESSING SERVICES**



**CHARLES J. WILLOUGHBY
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General



Inspector General

November 15, 2012

Lucinda M. Babers
Director
D.C. Department of Motor Vehicles
95 M Street, S.W., Suite 300
Washington, D.C. 20024

James D. Staton, Jr.
Chief Procurement Officer
Office of Contracting and Procurement
441 4th Street, N.W., Suite 700S
Washington, D.C. 20001

Dear Ms. Babers and Mr. Staton:

Enclosed is our final report summarizing the results of the Office of the Inspector General's (OIG) Audit of the District's Department of Motor Vehicles Ticket Processing Services (OIG No. 11-2-25MA).

As a result of our audit, we directed nine recommendations to the Director of the District's Department of Motor Vehicles (DMV), three of which were also directed to the Chief Procurement Officer, Office of Contracting and Procurement (OCP), that we believe are necessary to correct the deficiencies noted in this report. We received a response to the draft audit report from DMV on September 11, 2012. We consider actions taken and/or planned by DMV to be responsive to Recommendations 1, 2, 4, 5, 6, and 7. However, DMV agreed with Recommendation 3, but the action planned does not meet the intent of our recommendation. In addition, DMV partially concurred with Recommendation 8 and did not concur with Recommendation 9. Accordingly, we request that DMV reconsider its position taken or actions planned on Recommendations 3, 8, and 9 and provide a revised response to us within 60 days from the date of this final report. The full text of the DMV response is included at Exhibit D.

We also received a response to the draft audit report from OCP on September 7, 2012. OCP agreed with our recommendations. We consider actions taken and/or planned by OCP to meet the intent of the recommendations with the exception of Recommendation 3. We request that OCP reconsider its action planned for Recommendation 3 and provide a revised response to us within 60 days from the date of this final report. The full text of the OCP response is included at Exhibit E.

Ms. Babers and Mr. Staton
OIG No. 11-2-25MA
November 15, 2012
Page 2 of 4

We appreciate the cooperation and courtesies extended to our staff during this audit. If you have questions, please contact me or Ronald King, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

A handwritten signature in black ink that reads "Charles J. Willoughby". The signature is written in a cursive style with a large initial "C".

Charles J. Willoughby
Inspector General

Enclosure

CJW/mo

cc: See Distribution List

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ACRONYMS

ACS	ACS State and Local Solutions, Inc
CO	Contracting Officer
COTR	Contracting Officer's Technical Representative
DCMR	District of Columbia Municipal Regulations
D&F	Determination and Findings
DMV	Department of Motor Vehicles
DPW	Department of Public Works
eTIMS	Electronic Ticket Information Management System
FY	Fiscal Year
GAO	United States Government Accountability Office
MPD	Metropolitan Police Department
MSMP	Motor Services Modernization Program
OAG	Office of the Attorney General
OCP	Office of Contracting and Procurement
OCTO	Office of the Chief Technology Officer
OIG	Office of the Inspector General
RFP	Request for Proposal
SOW	Statement of Work
SOAR	System of Accounting and Reporting
TASS	Ticket and Adjudication Services System

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EXECUTIVE DIGEST

OVERVIEW

The District of Columbia Office of the Inspector General (OIG) has completed an audit of the District's Department of Motor Vehicles Ticket Processing Services. The audit was included in the OIG's Fiscal Year 2012 Audit and Inspection Plan. In this audit, we performed a follow-up review of our Audit of the District's Department of Motor Vehicles Ticket Processing Services (OIG No. 07-2-03MA), issued on December 5, 2007, and included two new objectives. Our initial audit objectives were to determine whether: (1) the recommendations addressed in the Audit of the D.C. Department of Motor Vehicles Ticket Processing Services (OIG No. 07-2-03MA), issued December 5, 2007, have been satisfactorily implemented; (2) the contract was awarded and administered in an efficient, effective, and economical manner; (3) District agencies complied with applicable laws, regulations, and policies and procedures; (4) adequate oversight exists over metering enforcement and ticket issuing processes; and (5) internal controls are adequate to safeguard against fraud, waste, and abuse.

However, we modified the audit objectives by excluding objective number 4 based on information we gathered during the entrance conference meeting. We learned that the Department of Motor Vehicles (DMV) is not responsible for metering enforcement and ticket issuance. There are 26 District and federal agencies responsible for metering enforcement and ticket issuance in the District of Columbia. Therefore, we concluded that objective number 4 should be excluded from this audit and performed as a separate audit. Our audit covered fiscal years (FYs) 2008 through 2011.

CONCLUSIONS

This report contains five findings that detail the conditions found during our audit. In our first finding, we disclosed that sole sourcing the DMV Ticket Processing and Related Services contract to ACS State and Local Solutions, Inc. (ACS) without soliciting competition remains a significant issue. The Office of Contracting and Procurement (OCP) extended the ticket processing and related services contract to the same contractor three times after the expiration of the original contract period without soliciting competition, thereby resulting in an expenditure of approximately \$8.7 million more than may have been necessary to provide these services during the period. Also, DMV and OCP did not implement two recommendations addressed in the prior OIG audit report, which were to timely plan, solicit, and award a new contract for ticket processing services prior to the expiration of the current contract, and develop an advance procurement plan to acquire the ticket processing and collection system in FY 2009.

Our second finding revealed that DMV did not monitor and enforce ACS's compliance with one of the terms and conditions of the contract. Specifically, DMV did not ensure that quarterly audits of the District's traffic ticketing activities and financial transactions were

EXECUTIVE DIGEST

performed by an outside audit firm. Failure to perform regular audits of ACS' performance under the contract could hinder DMV's ability to timely detect and correct errors and irregularities in ticket processing operations. In addition, the contract allows ACS to be paid a \$2.00 fee for each voided ticket, when no further processing or collection efforts are required. As a result, District resources are wasted.

In our third finding, we discussed that DMV's process for voiding parking or traffic tickets is undocumented and lacks proper segregation of duties. Currently, there is no reconciliation of voided citations by another employee independent of the employee who actually voided the citations. Consequently, there is a risk that unauthorized tickets/citation voidance may not be timely detected and investigated to minimize the risk of fraudulent activities.

Our fourth finding revealed that DMV failed to create a formalized communication policy with its law enforcement partners in order to reduce the number of citations dismissed for preventable reasons, and minimize revenue loss. As a result, the District lost the opportunity to collect approximately \$4.1 million in revenue.

Lastly, we found that the DMV ticket-voidance process allows the ticket-issuing agency to submit a voidance request for a citation after DMV has already adjudicated liability for the infraction. For example, a citation issued to a then-D.C. Councilmember was submitted on the voidance request list after the DMV Adjudication Services Division had previously determined liability for the citation and denied the request for dismissal. We believe that the voidance process is vulnerable to risk of abuse by individuals who may circumvent the system.

SUMMARY OF RECOMMENDATIONS

We directed nine recommendations to the Director of DMV—three of which were also directed to the Chief Procurement Officer, OCP—that we believe are necessary to address deficiencies identified in this report. The recommendations center, in part, on:

- Soliciting and awarding a new competitively bid contract for ticket processing and related services.
- Monitoring and enforcing contract terms and conditions.
- Assessing the required frequency of the independent audit to determine whether it is feasible.
- Designing, documenting, and implementing a reconciliation control for the ticket voidance process.
- Establishing internal control procedures to ensure adequate segregation of duties in the ticket voidance process (i.e., assigning an employee independent of the one who processes ticket voidance requests to reconcile the processed requests to the void request list).

EXECUTIVE DIGEST

- Developing a process and establishing formal procedures for providing ticket dismissal data analysis and reports to ticket-issuing agencies or law enforcement partners on a quarterly basis, and identifying areas in which each law enforcement partner needs to focus training and scheduling of their respective officers to minimize dismissal of issued citations.
- Designing and implementing a control that prevents ticket-issuing agencies from submitting tickets to DMV for voidance processing after DMV has adjudicated liability in accordance with District law.

A summary of potential benefits resulting from this audit is shown at Exhibit A.

MANAGEMENT RESPONSES AND OIG COMMENTS

We received a response to the draft audit report from DMV on September 11, 2012. We consider actions taken and/or planned by DMV to be responsive to Recommendations 1, 2, 4, 5, 6, and 7. However, DMV agreed with Recommendation 3, but the action planned does not meet the intent of our recommendation. In addition DMV partially concurred with Recommendation 8 and did not concur with Recommendation 9. Accordingly, we request that DMV reconsider its position taken or actions planned on Recommendations 3, 8, and 9 and provide a revised response to us within 60 days from the date of this final report. The full text of the DMV response is included at Exhibit D.

We also received a response to the draft audit report from OCP on September 7, 2012. OCP agreed with our recommendations. We consider actions taken and/or planned by OCP to be responsive with the exception of Recommendation 3. We request that OCP reconsider its action planned for Recommendation 3 and provide a revised response to us within 60 days from the date of this final report. The full text of the OCP response is included at Exhibit E.

INTRODUCTION

BACKGROUND

The Department of Motor Vehicles (DMV) develops, administers, and enforces the vehicular laws of the District with an emphasis on driver education and driver safety. The mission of DMV is to provide excellent customer service and promote public safety by ensuring the safe operation of motor vehicles.¹

The agency:

- provides service to approximately 460,000 licensed drivers and identification card holders and 275,000 registered vehicles at 3 service centers;
- conducts adjudication services and collects ticket payments for more than 2.5 million tickets each year; and
- conducts over 200,000 annual vehicle inspections.

DMV operates through seven divisions, including Adjudication Services. Adjudication Services is responsible for providing ticket processing, notices, hearings, and hearing support services to residents and nonresidents in order to render legally-sound decisions on parking, photo, and moving violations. The division also ensures proper processing of violation and penalty payments for those infractions.

On January 3, 2007, the Office of Contracting and Procurement (OCP) awarded ACS State and Local Solutions, Inc. (ACS) a \$12,494,312, firm-fixed price, 2-year contract with a 1-year option period, for ticket processing and related services (Contract No. POKV-2006-C-0064). Pursuant to the contract, ACS processes parking and moving violations, which include photo/radar enforcement. ACS provides other processing services, including, but not limited to, document imaging, adjudication, payment of tickets, and notice generation. ACS was responsible for providing: (1) hardware and software required to run the ticket processing application; (2) communications; (3) system user training, as well as quarterly refresher training; and (4) a full-time, on-site employee to resolve system issues.

During the 2-year base period of the contract, OCP modified the contract over 11 times to either exercise the option year or change a contract provision. As of January 2, 2010, the approximate total value of the contract was \$25,101,244.² From January 3, 2010, through January 3, 2012, OCP modified the contract eight more times to extend the contract period or change a contract provision. During this period, OCP awarded three sole source contracts valued at \$27,493,266 to allow ACS to continue ticket processing services.³ Over a 6-year period, in total, DMV's ticket processing and related services contract cost the District

¹ We obtained this information from DMV's website at <http://dmv.dc.gov/>.

² The total contract value includes the base period through Modification 11.

³ The third sole source contract, which was Modification 19, extended the contract for the period of January 3, 2012, through January 2, 2013.

INTRODUCTION

approximately \$52,712,209.⁴ Additionally, we determined that ACS has provided ticket processing services under this contract for approximately 27 years.⁵

In 2010, at the request of DMV, OCP attempted to award a new competitively bid contract for ticket processing and related services known as the Ticket and Adjudication Services System (TASS) as a replacement for the current contract with ACS. On September 3, 2010, OCP issued a Request for Proposal (RFP) under solicitation number DCTO-2010-R-0012 for the TASS contract and requested that sealed offers be submitted by November 2, 2010. The RFP was a comprehensive document that incorporated the requirements of DMV, Department of Public Works (DPW), District Department of Transportation, D.C. Taxicab Commission, Metropolitan Police Department (MPD), and the Office of Unified Communications. The Office of the Chief Technology Officer (OCTO) was chosen to oversee TASS. Under the TASS RFP, the District sought a contractor to develop, license, install, maintain, and support the web-based ticket processing system. The contract was to provide a system that would be housed at the OCTO Data Center and DMV would own, manage, and operate the application and database, instead of a contractor. However, in December 2010, the DMV Director received instructions from the Mayor-elect's Transition Team to suspend the solicitation for the TASS contract. The solicitation was suspended for the new contract in order to allow the incoming administration time to conduct an assessment of the parking and enforcement organization within the District. A timeline of the Ticket Processing Contract is included at Exhibit B.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our initial audit objectives were to determine whether: (1) the recommendations addressed in the Audit of the District's Department of Motor Vehicles Ticket Processing Services (OIG No. 07-2-03MA) issued December 5, 2007, have been satisfactorily implemented; (2) the contract was awarded and administered in an efficient, effective, and economical manner; (3) District agencies complied with applicable laws, regulations, and policies and procedures; (4) adequate oversight exists over metering enforcement and ticket-issuing processes; and (5) internal controls are adequate to safeguard against fraud, waste, and abuse.

However, based on information received at our entrance conference, we concluded that audit objective number 4 noted above (metering enforcement and ticket-issuing processes) is not the DMV's responsibility. There are approximately 26 other agencies (District and federal) that are charged with the responsibility for issuing parking and traffic tickets in the District of

⁴ The total cost of the DMV's ticket processing and related services contract includes Modification 13 in the amount of \$155,200 for system enhancements and upgrades, and Modification 17, which reduced the contract by an amount of \$37,500 for statement of work changes.

⁵ Our prior audit report provides background information of the contracts that OCP awarded to ACS for ticket processing services dating back to 1999. In addition, the determination and findings prepared by OCP on December 1, 2009, and according to DMV officials, ACS has provided similar services to the District continuously since 1985.

INTRODUCTION

Columbia. Therefore, we determined that audit objective number 4 should be excluded from this audit, and performed as a separate audit.

Our audit period primarily covered FYs 2008 through 2011.⁶ To accomplish our audit objectives, we performed the following activities:

- Interviewed DMV staff, including the Adjudication Services Administrator, Quality Program Officer, and Hearing Support Manager to obtain a general understanding of the processes used to administer and monitor ticket processing operations.
- Met with OCP officials to review ticket processing services contract files and related modifications.
- Met with an ACS Customer Service representative for training on how to use the electronic ticket database - eTIMS.⁷
- Met with DPW officials to obtain a general understanding of handheld ticketing devices.
- Observed live hearings by sitting in during the proceedings.
- Performed walk-throughs of cash operations within the Adjudication Services Division.
- Interviewed Office of the Chief Financial Officer officials to obtain a general understanding of internal controls over cash and bank reconciliations.
- Evaluated the adequacy of controls over cash receipts, including the timeliness of deposits and effectiveness of supervisory review.
- Reviewed applicable laws and regulations governing the DMV Ticket Adjudication process.
- Requested and reviewed copies of policies and procedures, flowcharts, and reports used in administering and monitoring the DMV ticket processing operation and related services.
- Performed analytical procedures on 2010 ticket data provided by ACS and performed sample testing of exceptions identified.

We placed reliance on computer-processed ticket data generated by ACS from the eTIMS ticket database. We performed a reliability assessment of the computer-processed data that ACS provided to us by comparing the summary totals of the data to previously produced reports. We obtained and reviewed the SAS 70 report on ACS systems. In addition, we relied on computer-processed data from the System of Accounting and Reporting (SOAR) to determine the amount paid to the contractor. We validated the completeness of the vendor payment data DMV provided to us by independently extracting the same data from the SOAR system for comparison.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. These standards require that we plan and perform the audit to obtain sufficient,

⁶ We also reviewed several transactions in FY 2012 regarding cash operations and contract modification.

⁷ The eTIMS is the Electronic Ticket Information Management System database, which DMV uses to track all parking and traffic tickets for the District of Columbia.

INTRODUCTION

appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

PRIOR REVIEWS

Except for the OIG audit report, Project No. 07-2-03MA, issued on December 5, 2007, we did not find any D.C. Auditor or U.S. Government Accountability Office (GAO) reports from prior reviews of the DMV ticket processing services conducted during the past 5 years. Our initial audit concluded the following:

1. A former Deputy Mayor/City Administrator suspended the Motor Services Modernization Program (MSMP) Project without informing the former Director of DMV, and the justification for cancellation was not in accordance with Title 27 of the District of Columbia Municipal Regulations (DCMR);
2. OCP extended the ticket processing and collection services contract to the same contractor without soliciting competition or properly justifying the award of sole source contracts;
3. OCP exceeded its procurement authority by issuing contracts in excess of \$1 million without first obtaining Council of the District of Columbia (Council) approval as required by District regulations;
4. OCP allowed the contractor to provide services on two occasions without a valid contract in place; and
5. OCP did not maintain complete contract files for the DMV Ticket Processing Services Contracts.

The report included nine recommendations that required both OCP and DMV to coordinate, plan, solicit, and award a new contract; establish a procurement planning committee to develop advance procurement plans for major DMV contracts; develop advance procurement plans to acquire the ticket processing and collection system for FY 2009, and establish a procurement review committee to approve and review procurements in excess of \$1 million.

PRIOR AUDIT FOLLOW-UP

PRIOR OIG AUDIT RECOMMENDATIONS

SYNOPSIS

In the follow-up audit, we evaluated whether the nine recommendations made in the prior OIG report, Audit of the D.C. Department of Motor Vehicles Ticket Processing Services (OIG No. 07-2-03MA), issued on December 5, 2007, were effective in remediating the issues addressed. The prior audit report identified five findings related to noncompliance with District procurement regulations. The findings covered the following areas: (1) cancellation of the MSMP One Done Project and MSMP Ticket Processing Services solicitation; (2) award of sole-source contracts; (3) exceeding of procurement authority; (4) lapse of contract coverage; and (5) contract file maintenance. The report addressed nine recommendations to OCP, three of which were also directed to DMV, and one recommendation was directed to the Board of Review for Anti-Deficiency Violations. We performed a detailed follow-up review of areas covered in the prior audit and concluded that two recommendations were not implemented and a deficiency still exists.

DISCUSSION

Table I below, Prior OIG Audit Findings, provides an abbreviated version of the findings, recommendations, agency responses, and the current status of each finding.

TABLE I – PRIOR OIG AUDIT FINDINGS			
Audit Finding	Recommendation	Agency Response	Current Status
<p><i>Finding 1</i> The suspension and eventual cancelation of the MSMP One Done Project and MSMP Ticket Processing Services by the former Deputy Mayor/City Administrator without proper justification violated the District’s procurement laws (Title 27 of the DCMR), which resulted in a \$11 million cost escalation for the District.</p>	<p>Allow sufficient time to plan, solicit, and award a new contract for ticket processing services prior to the expiration of the current contract.</p>	<p>Both DMV and OCP officials concurred.</p>	<p>Open: <i>As of the prior audit report date, this recommendation was considered implemented and the finding was assigned a closed status based on audit responses provided by DMV and OCP.</i></p> <p><i>The follow-up audit found that the condition no longer exists because the MSMP Project was canceled. However, because DMV and OCP have not allowed sufficient time to plan, solicit, and award a new contract, we re-opened this recommendation.</i></p>

PRIOR AUDIT FOLLOW-UP

TABLE I – PRIOR OIG AUDIT FINDINGS (Continued)			
Audit Finding	Recommendation	Agency Response	Current Status
<p>Finding 2 DMV issued ACS three sole source contracts to extend ticket processing and collection services without proper justification and soliciting competition, which caused the cost to escalate by approximately \$6.4 million.</p>	<p>Coordinate to establish a procurement planning committee to develop advance procurement plans for major DMV contracts. Also, develop an advance procurement plan to acquire the ticket processing and collection system in FY 2009.</p>	<p>Both DMV and OCP officials concurred.</p>	<p>Open: <i>Based on DMV and OCP audit responses, the recommendations were considered implemented and the finding assigned a closed status as of the prior audit report date. However, the follow-up audit found that one recommendation was not implemented and the deficiency still exists.</i></p> <p><i>OCP and DMV continue to issue sole source contracts to the same vendor since the contract expired 3 years ago. In addition, the recommendation to develop an advance procurement plan to acquire the ticket processing system in FY 2009 was not implemented. To date, DMV has not acquired a ticket processing system but plans to bring the system in-house at the expiration of the current contract in January 2013.</i></p>
<p>Finding 3 OCP exceeded its procurement authority by executing contracts in excess of \$1 million without first obtaining Council approval as required by D.C. Code § 1-204.51(b)(1).</p>	<p>Establish a procurement review committee to review and approve procurements in excess of \$1 million to assure compliance with District laws.</p>	<p>OCP concurred.</p>	<p>Closed. <i>Based on OCP’s audit response, the Office of the Attorney General reviews and approves procurements in excess of \$1 million prior to contract award to ensure compliance with District laws and regulations. During the follow-up audit, we learned that an official procurement review committee was never established; however, OCP added additional layers of review for contracts in excess of \$1 million, to include the Service Commodity Manager, prior to OAG review.</i></p>

PRIOR AUDIT FOLLOW-UP

TABLE I – PRIOR OIG AUDIT FINDINGS (Continued)			
Audit Finding	Recommendation	Agency Response	Current Status
<p><i>Finding 4</i> On two occasions, OCP allowed ACS to provide ticket collection and processing services without a valid contract in place.</p>	<p>Take action to ensure consistent and continuous contract coverage for the remaining period of time the contractor will provide service. Also, monitor and plan for contract coverage to avoid future lapse of contract coverage. Additionally, evaluate the actions of OCP contracting personnel and convene the Anti-Deficiency Review Board and take disciplinary action in accordance with District law.</p>	<p>OCP concurred with taking action to ensure continuous contract coverage; however, OCP did not concur with evaluating the actions of OCP contracting personnel and convening the Anti-Deficiency Review Board.</p>	<p>Closed. <i>OCP provided supporting documentation to prove that there was no lapse in contract coverage; therefore, the condition did not exist and an Anti-Deficiency Review was not needed.</i></p>
<p><i>Finding 5</i> OCP did not maintain complete contract files and had difficulty locating some files for the DMV ticket processing services contract.</p>	<p>Establish a system to centrally maintain contract files, conduct periodic internal validations of contract files, and develop operational policies and procedures for the contract file.</p>	<p>OCP concurred.</p>	<p>Closed. <i>Based on OCP's audit response, the agency initiated a project to establish a better system to centrally maintain contract files and is working on operational procedures for file retention, storage, and signing-out of contract files. During the follow-up audit, we learned that the paper contract files are maintained in the file room unless a Contract Specialist is currently working on a file. In addition, the contract files are also maintained electronically in the contract module in PASS (District's automated procurement system). We also reviewed operational policies and procedures and noted the procedures included file retention, storage, and contract file sign-out guidelines.</i></p>

PRIOR AUDIT FOLLOW-UP

CONCLUSION

Two of the deficiencies noted in the previous audit report (OIG No. 07-2-03MA) are open as of the publication of this report. DMV and OCP continue to issue sole source contracts to ACS for the continuation of ticket processing and related services without soliciting competition. Despite the OIG recommendation in the prior audit report that DMV and OCP coordinate efforts to allow sufficient time to plan, solicit, and award a new contract for ticket processing services prior to the expiration of the ticket processing services contract, 3 years have passed since the expiration of the ticket processing services contract and a new, competitively bid contract has not been awarded.

FINDINGS AND RECOMMENDATIONS

FINDING 1: AWARD OF SOLE SOURCE CONTRACTS

SYNOPSIS

DMV did not comply fully with applicable regulations contained in Title 27 of the District of Columbia Municipal Regulations (DCMR) when awarding sole source contracts. Specifically, OCP issued ACS three sole source contracts to extend the ticket processing and related services contract without soliciting competition. This condition occurred because: (1) DMV did not adequately plan for the procurement of continuous ticket processing and related services; and (2) the current Mayor's Transition Team ordered the suspension of the solicitation for the new contract. As a result, there is no assurance that the District obtained the best value for the services received under the sole source contract. Furthermore, the ticket processing and related services contract costs escalated by approximately \$8.7 million during the contract extension period.

DISCUSSION

In the previous OIG report, Audit of D.C. Department of Motor Vehicles Ticket Processing Services, we recommended that DMV and OCP coordinate efforts to allow sufficient time to plan, solicit, and award a new contract for ticket processing services prior to the expiration of the current contract.⁸ DMV was in the first year of the base contract (Contract No. POKV-2006-C-0064) when we issued our previous audit report in December 2007. Over 2 years have passed since the expiration of the contract, and OCP has not awarded a new contract for ticket processing and related services. According to DMV officials, there has been as many as six different Contracting Officers (COs) assigned by OCP to oversee the ticket processing contract in the past few years. The continuity of the CO position is critical in ensuring timely and efficient procurement of a new contract. We believe that the turnover has affected the learning curve of the COs which could have contributed to the delay in the contract award process.

After expiration of the initial 2-year base period and extension of the 1-year contract option (Contract No. POKV-2006-C-0064), at the request of DMV, OCP issued ACS, the incumbent service provider, three sole source contracts to continue ticket processing and related services. The three sole source contracts cover the period of January 3, 2010, to January 2, 2013. During this period, at the request of DMV, OCP contracted for ticket processing and related services without the benefit of price competition through a competitive bidding process.

⁸ The current ticket processing services contract expired January 2, 2009. Subsequently, OCP (on behalf of DMV) exercised the 1-year option, which extended the contract to January 2, 2010.

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CRITERIA

Title 27 DCMR § 1701.1 provides:

Each contracting officer shall take reasonable steps to avoid using sole source procurement except in circumstances where it is both necessary and in the best interests of the District. The contracting officer shall take action, whenever possible, to avoid the need to continue to procure the same supply, service, or construction without competition.

Justification for First Sole Source Contract: On December 31, 2009, OCP issued a sole source contract to ACS to extend the contract term from January 3, 2010, to January 2, 2011, without soliciting competition from other vendors. The cost of the contract extension under this single source procurement was approximately \$8,938,500. On December 1, 2009, OCP prepared a determination and findings (D&F) to justify the award of the sole source procurement. The D&F states:

A sole source contract extension is needed to ensure continuation of the services provided by the Contractor for one year following contract expiration. A concrete statement of work (SOW) was not completed in sufficient time for the Office of Contracting and Procurement (OCP) to proceed to award a successor contract prior to the expiration of the current contract. An extensive and protracted development involving multiple District agencies' effort was necessary to produce this document.... The statement of work was delivered to the Office of Contracting and Procurement (OCP) for processing on May 12, 2009. Following this submittal, DMV received a request from DPW to further review the requirements in the context of a separate solicitation that was prepared by DPW. To ensure that there would not be duplicative requirements in the two documents, DPW requested OCP to temporarily suspend its processing of the DMV solicitation. On October 8, 2009, DMV requested OCP to continue processing the statement of work originally submitted on May 12, 2009. It is estimated that the total time required to issue and award the contract and to implement the new system will be one year.

Regardless of the justification included in the D&F excerpt above, the OIG believes that OCP and DMV had sufficient time to plan the solicitation, solicit competitive bids from multiple vendors, and award a new ticket processing and related services contract. In a DMV official's responses to prepared questions from the Chairperson for the Committee on Public Works and the Environment in preparation for a public oversight hearing on DMV on February 26, 2008, a DMV official indicated that DMV (in conjunction with OCP) had begun updating the existing statement of work in order to solicit bids on a new contract later

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that year. Based on this DMV official's representations, DMV should have had sufficient time to award a new contract.

Suspension of the Ticket and Adjudication Services System (TASS) Solicitation: At the request of DMV, OCP attempted to issue a new contract for the ticket processing and related services procurement; however, in December 2010, the D.C. Mayor-elect's Transition Team suspended the solicitation for the new contract in order to allow the incoming administration time to conduct an assessment of the parking and enforcement organization. Based on documentary evidence we reviewed, DMV began working on the TASS contract in April 2010. An RFP was issued on September 3, 2010, and sealed offers were scheduled to be received by November 2, 2010. According to DMV officials, bids had already been received, but were not evaluated due to the order to suspend the solicitation by the Mayor-elect's Transition Team. As a result of the suspension, OCP issued a 1-month sole source contract extension to ACS for the period from January 3, 2011, to February 2, 2011, to ensure continuation of ticket processing and related services for MPD and DMV.

The 1-month sole source contract extension, with an estimated cost of \$742,423, was signed by the contractor on December 28, 2010, and OCP on December 30, 2010. On February 2, 2011, OCP issued another D&F for a sole source procurement for the period from February 3, 2011, to April 5, 2011, at an estimated cost of \$1,584,846. Next, OCP issued another D&F for a sole source procurement to cover the entire period of the second extension (January 3, 2011, through January 2, 2012) at an estimated cost of \$9,159,075. Subsequently, on December 14, 2011, OCP issued another D&F for a sole source procurement at an estimated cost of \$9,395,690.76. Although, the D&F does not mention the period covered, the contract modification indicates the contract term will extend from January 3, 2012, through January 2, 2013.

Escalated Cost of Ticket Processing Services Due to Lack of Competition: Contract No. POKV-2006-C-0064, including all modifications, cost DMV approximately \$52,712,209.⁹ The 2-year base period plus the 1-year contract option was valued at \$18,741,468. After expiration of contract POKV-2006-C-0064, OCP awarded three sole source contracts under the same contract number covering the period from January 3, 2010, to January 2, 2013, to the incumbent ticket processing and related services contractor without soliciting competition. The three sole source contracts are valued at \$27,493,266. The annual cost for ticket processing and related services for each year of the 3-year extension period was approximately \$9,164,422, compared to \$6,247,156 in a regular contract base year.

Consequently, DMV incurred approximately \$2,917,266 more each year during the 3-year extension period. The annualized escalated cost of approximately \$8,751,798 could have been avoided or reduced had DMV obtained competitive prices for ticket processing and

⁹ See Exhibit C for a summary of the Ticket Processing and Related Services Contract and Contract Modifications.

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related services for the 3-year period.¹⁰ The District incurred additional costs with regard to District agency employees' time and effort in the procurement planning committee and through hiring consultants to write statements of work (SOWs).

We discussed the current status of the ticket processing and related services contract with DMV officials and were informed that DMV officials are currently reviewing the SOW but have not yet submitted it to OCP.

CONCLUSION

The failure to award a competitively bid ticket processing and related services contract, regardless of the justification, has significant implications for the District. We believe that DMV incurred as much as \$8.7 million more under the sole source extensions than if the contract was competitively bid. The District incurred additional costs with regard to District agency employees' time and effort in the procurement planning committee and hiring consultants to write SOWs. In addition, there is no assurance that the District government is receiving the best value for ticket processing and related contractual services. Furthermore, OCP circumvented procurement laws aimed at protecting the District's interests and ensuring full and open competition.

RECOMMENDATIONS

We recommend that the Director, DMV and the Chief Procurement Officer, OCP:

1. Solicit and award a new, competitively bid contract for ticket processing and related services prior to the expiration of the sole source extension on January 2, 2013.

DMV RESPONSE

DMV agreed with the recommendation and noted that a solicitation for bid appeared on the OCP website on September 7, 2012; however, the timeline for award will be established by OCP.

OIG COMMENT

We consider DMV's actions to be responsive and meet the intent of our recommendation.

¹⁰ The annualized escalated cost was determined by dividing the original contract cost plus the option year cost incurred during the period of January 3, 2007 – January 2, 2010 (\$18,741,468) by 3 years. Then, we divided the three contract extension costs incurred during the period January 3, 2010 – January 2, 2013 (\$27,493,266) by 3 years. We then took the difference of the division and multiplied the result (\$2,917,266) by 3 years.

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OCP RESPONSE

OCP agreed with this recommendation and indicated that a new solicitation for ticket processing and related services was issued on September 7, 2012.

OIG COMMENT

We consider OCP's actions to be responsive and meet the intent of our recommendation.

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FINDING 2: TICKET PROCESSING CONTRACT TERMS

SYNOPSIS

In our audit, we found two issues with the terms of the current DMV Ticket Processing and Related Services Contract (POKV-2006-C-0064) that need to be revisited and possibly amended. First, DMV did not monitor and enforce ACS's compliance with one of the terms and conditions of the contract. Specifically, as required under Section C.4.2.3.5 of the DMV Ticket Processing Services and Related Services contract, DMV did not ensure that an outside audit firm conducted quarterly audits of ACS's performance regarding the District's traffic ticketing activities and related financial transactions. This condition occurred because of insufficient management oversight by the Contracting Officer's Technical Representative (COTR). Failure to perform regular audits of ACS' performance under the contract could hinder DMV's ability to timely detect and correct errors and irregularities in ticket processing operations.

Second, the contract allows ACS to be paid a \$2.00 fee for each voided ticket, when ACS is not performing any further processing or adding any value to those tickets. This condition contributes to waste of District resources and occurred because of a poorly negotiated contract term relating to voided and warning tickets.

DISCUSSION

Monitoring and Enforcing Contract Terms: DMV did not ensure that an outside audit firm performed quarterly audits of ACS's performance regarding the District's traffic ticketing activities and related financial transactions. Section C.4.2.3.5 of the Ticket Processing and Related Services contract provides that ACS shall "[c]ontract, at [the] Contractor's expense, an outside audit firm approved by the District to perform audits of all activity and financial transactions every 3 months."

During our fieldwork, we requested ACS's quarterly audit reports produced by an outside audit firm. DMV officials provided us with a total of three audit reports, and confirmed that only three audits had been performed since 2009. The reports were dated April 2009, October 2009, and December 2011. Based on our calculations, 15 audits should have been conducted by the end of the 2011 calendar year. We reviewed the three audit reports provided and noted that the outside firm performed tests, some of which included: ticket processing; service level agreements; revenue reporting by pay-by-web and pay-by-phone; adjudication process and workflow queue; data transmission and timely processing of mail; and mailroom processing and correspondence handling. Two of the three reports contained findings centering on a lack of controls for commingling vendor mail, inadequate controls for

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confirming that ticket images are uploaded to eTIMS, and third-party payment processing of invoices.

It is the COTR's responsibility to ensure that the contractor complies with the terms and conditions of the contract. Section G.8.1 of the contract provides:

The COTR is responsible for general administration of the contract and advising the Contracting Officer as to the Contractor's compliance or noncompliance with the contract. In addition, the COTR is responsible for the day-to-day monitoring and supervision of the contract, of ensuring that the work conforms to the requirements of this contract and such other responsibilities and authorities as may be specified in the contract.

A DMV official informed us that the COs for both OCP and the IT Commodity Group were aware of the contractor's noncompliance and intended to discuss this matter with ACS. The COs should have addressed the contractor's noncompliance with the contract terms prior to the start of our audit. We believe that the quarterly frequency of performing the audits appears excessive and may not be feasible. The COs should assess the feasibility of performing the quarterly audits, determine whether the frequency of performing the audits needs changing in future contracts, and then enforce the contract terms. Failure to perform regular audits of ACS's performance under the contract could hinder DMV's ability to timely detect and correct errors and irregularities in ticket processing operations.

Voided Ticket Cost: DMV is paying ACS for voided transactions, even though the contract does not require ACS to perform any further processing or collection efforts for these transactions. A voided ticket is an incomplete transaction that occurs when a Traffic Officer, while in the process of issuing a citation, notices that there is a mistake in the details of the citation or decides that the citation is not warranted. The Traffic Officer then cancels the citation and issues another one in its place if needed.

ACS lumps both voided and warning tickets together for billing and reporting purposes. A warning ticket is a completed transaction that does not carry a fine, and is processed through the system in the same manner as a voided transaction. Both voided and warning tickets are not collectable tickets. Per discussions with DMV and DPW officials, the voided tickets in question are generated and voided using handheld devices and do not require manual data entry. Voided-ticket records are transmitted automatically to the ACS database for the sole purpose of maintaining an audit trail of all citations. On the other hand, warning tickets are important for adjudicating subsequent infractions.

Although the DMV Ticket Processing and Related Services contract allows ACS to be paid a \$2.00 fee for each voided ticket, we believe the District should not pay because ACS is not performing any further processing. In 2010, there were approximately 53,600 voided and warning tickets for which DMV paid ACS over \$100,000; however, because ACS groups

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voided and warning tickets together, we were unable to determine the percentage of the District costs attributed to voided tickets.¹¹

RECOMMENDATIONS

We recommend that the Director, DMV:

2. Monitor and enforce the terms and conditions of the contract to ensure that audits of the District's traffic ticketing activities and financial transactions are performed after establishing a feasible frequency of performing the audits.

DMV RESPONSE

DMV agreed with this recommendation and indicated since the fall of 2011, audits have been performed timely and DMV will continue to monitor and enforce their timely completion.

OIG COMMENT

We consider DMV's comments and planned actions to be responsive and meet the intent of the recommendation.

We recommend that the Director, DMV and the Chief Procurement Officer, OCP:

3. Assess the feasibility of performing the quarterly audits and determine whether the frequency of performing the audits needs changing in future contracts.

DMV RESPONSE

DMV agreed with the recommendation and with OCP's comment that quarterly audits may be excessive. DMV noted that it will comply with OCP's recommendation to future inclusion or non-inclusion of audits in DMV contracts. In addition, DMV stated that the current solicitation does not contain an audit requirement.

OIG COMMENT

The action planned or taken by DMV does not fully meet the intent of the recommendation. Our recommendation is to reduce the frequency of performing the audits from quarterly to biannually or annually to make it feasible, but not remove the audit requirement from future contracts altogether. This will allow the independent auditor adequate time to conduct the audits. Accordingly, we request that DMV reconsider its response to this recommendation and provide the OIG with a revised response.

¹¹ Approximately 93% of the 53,600 voided and warning tickets were generated by DPW enforcement officers and the remaining 7% were generated by the remaining ticket enforcement partners.

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OCP RESPONSE

OCP agreed with the recommendation and indicated in its response that quarterly audits are unfeasible. In November 2011, OCP launched a new program requiring Contract Administrators to monitor and ensure contractors are meeting the District's interest. Also, OCP's Office of Procurement Integrity and Compliance conducts performance audits to provide an independent assessment of agencies' contract administration responsibilities. As a result, future contracts will not contain a quarterly audit requirement.

OIG COMMENT

Action taken by OCP in monitoring Contract Administrators to ensure that they are performing their respective duties is commendable but does not fully meet the intent of the recommendation. We believe that the independent audit requirement in the current DMV ticket processing and related services contract is a good control and should also be included in future contracts. Our recommendation is to reduce the frequency of performing the audits from quarterly to biannually or annually to make it feasible. This will allow the independent auditor adequate time to conduct the audits. Accordingly, we request that OCP reconsider its action planned to this recommendation and provide the OIG with a revised response.

4. Analyze the voided and warning tickets data that ACS has billed for the past 5 years to determine the percentage of voided tickets and the dollar value paid. If the percentage of voided tickets is considerably lower than the percentage of warning tickets, consider renegotiating the terms of the ticket processing services contract to cap the fee for maintaining voided citations in the ticket database.

DMV RESPONSE

DMV agreed with the recommendation and indicated that it will coordinate with OCP on any consideration related to renegotiation of the terms of the contract to either lower the \$2.00 fee or to cap the fee for maintaining voided citations in the ticket database. DMV also is exploring the feasibility of disengaging the automated update of voids from handheld devices.

OIG COMMENT

We consider DMV's comments and planned actions to be responsive and meet the intent of the recommendation.

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OCP RESPONSE

OCP agreed with the recommendation and will consider renegotiating the terms of the contract to either lower the \$2.00 fee or cap the fee for maintaining voided citations in the ticket database.

OIG COMMENT

We consider OCP's comments and planned actions to be responsive and meet the intent of the recommendation.

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FINDING 3: SEGREGATION OF DUTIES FOR THE TICKET VOIDANCE PROCESS

SYNOPSIS

The process for voiding traffic tickets or citations by DMV Adjudication Services is not documented, and lacks proper segregation of duties. This condition exists because the ticket voidance process is missing a critical reconciliation control to ensure that only authorized ticket or citation voidance requests from the ticket-issuing agency or enforcement partner are voided in the eTIMS ticket database. Currently, there is no reconciliation of voided citations by another employee independent of the DMV Adjudication Services employee who actually voided the citations. Consequently, there is a risk that unauthorized voidance of tickets/citations may not be timely detected and investigated in order to minimize fraudulent activities.

DISCUSSION

Our evaluation of the ticket voidance process was based on interviews with DMV Adjudication Services staff because the process was not formally documented. All issued citations are entered into the eTIMS for further processing, which could include adjudication, hearings, and collections. Tickets are generated manually and electronically. Manual tickets are transported to the DMV police liaison, and then sent to ACS where the information from handwritten citations is manually keyed into eTIMS. Tickets issued using handheld devices are transmitted electronically to ACS at the end of the day when the handheld devices are docked into terminals located at ticket-issuing agencies.

Once a citation is printed and issued from a handheld device, it cannot be voided by the Traffic Officer. A ticket that is issued in error can only be voided by DMV Adjudication Services upon a signed written request by the designated manager at the issuing agency. A manager from an issuing agency must provide a written void request on a Request for Cancellation of Notice of Infraction form (void request list)¹² to the DMV Adjudication Services Manager. The void request list is then forwarded to the DMV Hearing Support manager and assigned to the DMV Adjudication Services supervisor to process the void request in eTIMS. A confirmation is sent to the Adjudication Services Manager and the issuing agency. The void request list shows the notice of infraction number, date and time the ticket was issued, issuing agency, cited code violation, location of the ticket, explanation for the cancelation, recommendation action, the date the form was sent to DMV, and the manager's approval signature.

¹² The Request for Cancellation of Notice of Infraction form contains the entire list of citations for which the issuing agency is requesting voidance processing.

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Although, both the void request list and the void batch created in eTIMS show the total number of voided tickets, there is no independent reconciliation of the voided citations to the request list. According to GAO standards of internal control, key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud.¹³ This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets.

As a result of not segregating these functions, there is a potential risk of malfeasance, errors, fraud, and abuse by the employee who has access to void transactions in the system. For instance, the employee charged with voiding tickets could easily void unauthorized tickets along with authorized tickets as favors for friends or for cash, without being detected. In this instance, DMV would lose the ticket revenue for the unauthorized voided ticket. We did not find any evidence of such activities, but the opportunity for malfeasance exists. All void requests received from ticket-issuing agencies should be reconciled to the void batch created in the eTIMS database in order to mitigate the risk of unauthorized tickets/citations voidance. To ensure adequate segregation of duties, another DMV employee who is independent of the employee who actually performed the void transaction should perform the reconciliation.

RECOMMENDATIONS

We recommend that the Director, DMV:

5. Design, document, and implement a reconciliation control for voidance processing of traffic tickets or citations.

DMV RESPONSE

DMV agreed with this recommendation and indicated that the DMV Hearing Support supervisor or designee will regularly review the Online Disposition Report for void transactions entered by DMV personnel. The report will be compared to the void request list to determine if unauthorized voids were entered and any exceptions will be reported by the Hearing Support supervisor or designee to the Administrator of Adjudication Services. The procedure will be in effect as of November 1, 2012.

OIG COMMENT

We consider DMV's actions planned to be responsive and meet the intent of the recommendation.

¹³ GAO, Internal Control Management and Evaluation Tool, GAO-01-1008G 40 (Aug. 2001).

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6. Establish internal control procedures to ensure separation of duties between the employee processing the void transactions and the employee reconciling the processed transactions to the void request list.

DMV RESPONSE

DMV agreed with the recommendation and indicated that the DMV Hearing Support supervisor or designee who is not the individual who entered the void transactions will regularly review the Online Disposition Report for void transactions entered by DMV personnel.

OIG COMMENT

We consider DMV's actions planned to be responsive and meet the intent of the recommendation.

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FINDING 4: TICKET DISMISSALS

SYNOPSIS

Our review of DMV parking and traffic tickets issued and processed in 2010 revealed that opportunities exist to minimize revenue loss by reducing the number of citations dismissed due to procedural technicalities or errors of law enforcement partners and ticket-issuing agencies. Specifically, we found that 31,600 citations were dismissed due to reasons that include, but are not limited to, officers missing scheduled hearings, untimely submission of tickets for processing, and incomplete information collected and recorded to successfully enforce citations. We attribute this condition to a lack of effective communication between DMV and ticket-issuing agencies as well as improper training. As a result, the District lost the opportunity to collect revenue of approximately \$4.1 million.

DISCUSSION

In our review of parking and traffic tickets issued and processed in 2010, we found 31,600 dismissed citations with a combined fine and penalty amount of \$4.1 million. The citations were dismissed for the following reasons: (1) officers missing scheduled hearings; (2) tickets not being submitted for processing within the statutorily allowable period; (3) failure to conduct hearings within the statutorily allowable period; and (4) failure to collect and record complete vehicle and driver information necessary to successfully enforce citations. See Table II below for details.

<i>Disposition Code</i>	<i>Disposition Name</i>	<i>Disposition Description</i>	<i>Status</i>	<i>Fine Amount</i>	<i>Penalty Amount</i>	<i>Paid Amount</i>	<i>Amount Due</i>	<i>Count</i>
106	NOI ¹⁴ LATE	Dismissed – Notice of Infraction Submitted Late	Dismissed	\$814,470	\$254,125	0	0	12,154
23	DISM OFF A	Dismissed – Ticketing Officer Absent From Hearing	Dismissed	\$1,739,329	\$405,812	0	0	11,837
73	NO MAKE	Dismissed – Vehicle Make Not Recorded on Ticket	Dismissed	\$211,445	\$163,135	0	0	3,676
49	INCOR TAG	Dismissed – Incorrect Tag Recorded on Ticket	Dismissed	\$107,385	\$21,975	0	0	1,038
105	NOI LT HR	Dismissed – Notice of Infraction Not Submitted for Hearing	Dismissed	\$93,562	\$150	0	0	843

¹⁴ NOI – Notice of Infraction

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<i>Disposition Code</i>	<i>Disposition Name</i>	<i>Disposition Description</i>	<i>Status</i>	<i>Fine Amount</i>	<i>Penalty Amount</i>	<i>Paid Amount</i>	<i>Amount Due</i>	<i>Count</i>
75	NO VIOL CD	Dismissed – No Violation Code Recorded on Ticket	Dismissed	\$74,745	\$22,060	0	0	722
78	ILLEGIBLE	Dismissed – Ticket Data Illegible	Dismissed	\$42,605	\$12,040	0	0	452
79	NO LIC STA	Dismissed – No License State Recorded on Ticket	Dismissed	\$55,855	\$25,010	0	0	436
72	NO TIME	Dismissed – No Violation Time Recorded on Ticket	Dismissed	\$30,590	\$9,390	0	0	325
43	MIS DEPLOY	Dismissed – No Deployment Log	Dismissed	\$22,105	\$6,730	0	0	119
Total (Fine Plus Penalty) = \$4,112,518				\$3,192,091	\$920,427	0	0	31,602

We consider these dismissals to be preventable in most instances with adequate planning, effective communication, and proper training. Although DMV is not responsible for issuing tickets, DMV can improve communication with its ticket enforcement partners to ensure that the number of tickets dismissed for preventable reasons is kept to a minimum. We discussed the issue with DMV adjudication officials who informed us that DMV provides a report to ticket-issuing agencies regarding these issues to allow the agencies to minimize scheduling conflicts and avoid unnecessary dismissals of legitimate citations.

We obtained and reviewed DMV’s current report provided to the ticket-issuing agencies and concluded that it was inadequate for three reasons: (1) it was a biannual summary report that contained the number of tickets issued, contested, dismissed, and the basis for dismissal; (2) DMV Adjudication Services management indicated that the Ticket Dismissal Report was only recently discussed (between March and April 2011) with its law enforcement partners; and (3) the MPD Program Manager¹⁵ indicated that she was not aware of the report. We believe that communication between DMV Adjudication Services and its law enforcement partners should be formalized and supported by action that will allow them to develop a sustainable plan for reducing the number of ticket dismissals.

CONCLUSION

In 2010, DMV dismissed approximately 31,600 citations with a combined fine and penalty amount of \$4.1 million for reasons that we considered preventable in most instances with adequate planning, effective communication, and proper training. As a result, the District missed the opportunity to collect the revenue (fines and penalties) for those dismissed citations.

¹⁵ The MPD Program Manager serves as MPD’s liaison with DMV.

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RECOMMENDATIONS

We recommend that the Director, DMV:

7. Develop a process and establish formal procedures for providing ticket dismissal analysis data and reports to ticket-issuing agencies and law enforcement partners on a quarterly basis.

DMV RESPONSE

DMV noted in its response that it currently provides the primary ticket issuing agencies with monthly reports on dismissal rates. However, in an effort to streamline the distribution of the monthly dismissal reports, DMV will schedule an automated dismissal report to be e-mailed to the designated contact persons within the primary ticket issuing agencies on a monthly basis. The new report distribution process is anticipated to begin by November 1, 2012.

OIG COMMENT

DMV's action meets the intent of our recommendation. DMV Adjudication Management provided us with both the biannual dismissal reports that we reviewed and the name of the MPD Program Manager who serves as MPD's liaison with DMV.

8. Identify and recommend areas in which each law enforcement partner needs to improve scheduling to ensure officers attend hearings and provide adequate training for ticket enforcement personnel to minimize preventable ticket dismissals.

DMV RESPONSE

DMV indicated in its response that it has actively facilitated the efficiency of officer scheduling by having agency court liaisons log into the Business Objects reporting system to schedule and reschedule officer appearances, as well as review their schedules. Also, management indicated that it is not its role to train ticket writers or to ensure a ticket is upheld. Ticket issuing agencies typically have training programs and trainers who should be able to adequately perform this function.

OIG COMMENT

DMV's response and action partially met the intent of our recommendation. Our recommendation was not intended for DMV to take responsibility for training ticket writers or ensuring tickets are upheld. Our recommendation was intended for DMV to identify and recommend areas in which each law enforcement partner could improve in order to reduce ticket dismissals. Providing dismissal reports with sufficient detail that includes the reasons why a ticket was dismissed should help each law enforcement partner improve scheduling for

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officers to attend hearings and properly train ticket writers to obtain all required information when writing a citation. Accordingly, we request that DMV reconsider its response to this recommendation and provide the OIG with a revised response.

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<p>FINDING 5: TICKET SUBMITTED FOR VOIDANCE PROCESSING SUBSEQUENT TO DMV ADJUDICATION</p>
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SYNOPSIS

Our audit found that the DMV ticket voidance process allows the issuing agency to submit citations to DMV for voidance processing after DMV has adjudicated liability in a particular matter. Specifically, we found that the ticket-issuing agency submitted a then-D.C. Councilmember's traffic ticket to DMV for voidance processing after DMV Adjudication Services had already determined liability for the infraction. Although we did not find evidence of a pervasive control weakness with regard to post-adjudication ticket voidance requests, there is a risk that the process could be abused by individuals requesting ticket voidance after DMV adjudication.

DISCUSSION

Based on our review, we determined that DPW submitted a citation voidance request list to DMV that contained a citation issued to a then-D.C. Councilmember. However, DMV Adjudication Services had previously denied a request from the Councilmember's Chief of Staff to dismiss the ticket in accordance with the D.C. Code.

On January 25, 2011, the then-Councilmember's Chief of Staff submitted a request to the DMV Director that the then-Councilmember's 10 citations be adjudicated under D.C. Code § 50-2201.03(c) (2009), which provides an exemption for Councilmembers to park their vehicle while on official business. A DMV hearing examiner reviewed the request and dismissed 6 of the 10 citations. The hearing examiner denied the exemption request for the remaining four citations, which included two speeding tickets, one red light violation, and one failure to report for inspection.

On May 4, 2011, DPW submitted to DMV a void request list that contained 135 entries for ticket/citation voidance processing. The then-Councilmember's citation, "FAIL TO REPORT FOR INSPECTION," was included on the void request list. DMV officials approved this particular request along with the others on the list. The void request list did not contain information to alert DMV officials that a listed citation had been previously adjudicated by DMV. Currently, there is no control in place to alert DMV officials that a ticket-issuing agency has submitted a void request list that contains a citation that DMV has already adjudicated.

We discussed this matter with DMV officials to determine whether they have the ability to query the system for tickets that DMV has previously adjudicated before granting a voidance request. DMV officials indicated that they were not aware of any control that will allow the

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system to identify this type of situation. Although we only found one instance in which DMV adjudicated a ticket that the ticket-issuing agency subsequently submitted to DMV for voidance processing, we believe similar incidents can occur again if this matter is not addressed.

RECOMMENDATION

We recommend that the Director, DMV:

9. Review the system for other tickets/citations that the issuing agency may have submitted for voidance processing after DMV adjudication of liability and ascertain whether there is a need to design and implement a control to prevent future occurrences.

DMV RESPONSE

DMV disagreed with this recommendation and stated the DMV's General Counsel advised that if an enforcement agency requests a ticket to be voided that is issued, then DMV should void the ticket no matter the stage of the proceedings.

OIG COMMENT

DMV's response did not meet the intent of our recommendation. We understand that DMV is required to void any ticket requested by the ticket-issuing agency; however, without a control in place to detect such occurrences, abuses will go undetected. We believe that DMV should address this internal control deficiency. Accordingly, we request that DMV reconsider its response to this recommendation and provide the OIG with a revised response.

**EXHIBIT A. SUMMARY OF POTENTIAL BENEFITS
RESULTING FROM AUDIT**

Recommendation	Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status¹⁶
1	Compliance, Economy and Efficiency: Ensures compliance with established procurement regulations and that District funds are utilized efficiently.	\$8.7 million	September 7, 2012	Closed
2	Compliance: Ensures that the contract is properly monitored and that the contractor is in compliance with the contract terms and conditions.	Non-Monetary	October 12, 2012	Closed
3	Internal Controls: Improves internal controls over ticket processing, including the integrity of ticket data.	Non-Monetary	October 12, 2012	Open
4	Economy and Efficiency: Ensures that the fee for maintaining voided citations in the database is capped and that District funds are used efficiently.	Monetary Undeterminable	October 12, 2012	Open
5	Internal Controls: Ensures that internal controls over the reconciliation of voided tickets or citations are designed, documented, and implemented.	Non-Monetary	November 1, 2012	Open

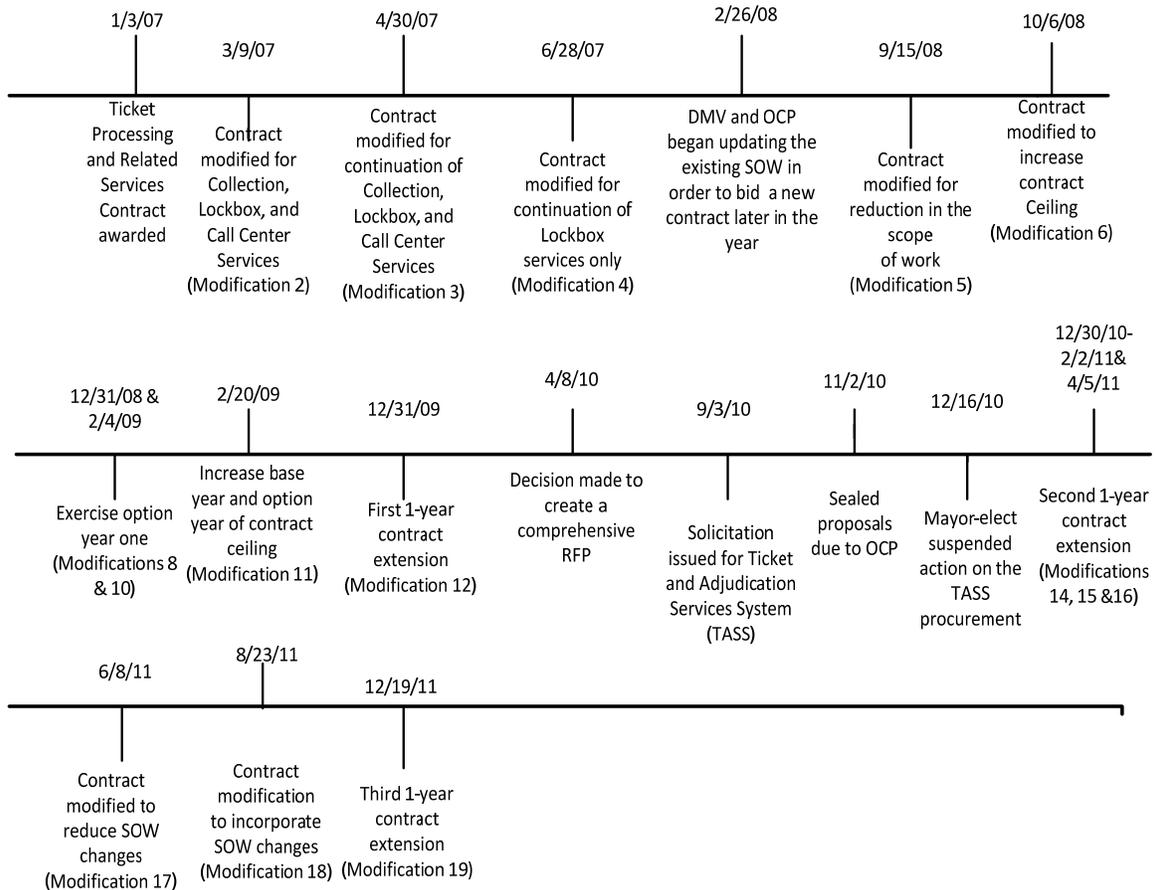
¹⁶ This column provides the status of a recommendation as of the report date. For final reports, “**Open**” means management and the OIG are in agreement on the action to be taken, but action is not complete. “**Closed**” means management has advised that the action necessary to correct the condition is complete. If a completion date was not provided, the date of management’s response is used. “**Unresolved**” means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

**EXHIBIT A. SUMMARY OF POTENTIAL BENEFITS
RESULTING FROM AUDIT**

Recommendation	Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status
6	Internal Controls: Establishes internal control procedures to ensure adequate segregation of duties.	Non-Monetary	November 1, 2012	Open
7	Internal Controls, Economy and Efficiency: Ensures that ticket dismissal is minimized to increase revenue for the District government.	\$4.1 million	November 1, 2012	Open
8	Compliance: Improves officers' attendance at scheduled hearings and ensures officers are knowledgeable and properly trained on the reasons citations are dismissed in order to minimize dismissals.	Non-Monetary	November 1, 2012	Open
9	Internal Controls: Ensures that a process is designed and implemented to prevent DMV from voiding tickets/citations, per request from ticket-issuing agencies, after DMV has adjudicated liability.	Monetary Undeterminable	TBD	Unresolved

EXHIBIT B. TICKET PROCESSING SERVICES CONTRACT TIMELINE

Timeline of the Ticket Processing Related Services Contract¹⁷



¹⁷ With the exception of Modification 11, the dates shown on the timeline indicate when the COs signed the contract and related modifications. Although Modification 11 was not signed by a CO, it was approved by the Council of the District of Columbia and the date shown on the timeline reflects when it was signed by the contractor. In 2011, OCP implemented additional review procedures for contracts and modifications over \$1 million to ensure compliance with District laws and regulations.

EXHIBIT C. SUMMARY OF THE TICKET PROCESSING AND RELATED SERVICES CONTRACT AND CONTRACT MODIFICATIONS

NO.	CONTRACT ACTION	PURPOSE	COST	EFFECTIVE DATE	EXPIRATION DATE
1	Base Period	Base Period of the Contract	\$12,494,312	1/3/2007	1/2/2009
2	Modification 1	Change in Contracting Officer	-0-	1/17/2007	1/2/2009
3	Modification 2	Addition of Collection and Lockbox Services	\$850,176	3/14/2007	4/30/2007
4	Modification 3	Continuation of Collection and Lockbox Services	\$1,079,309	5/1/2007	6/30/2007
5	Modification 4	Continuation of Collection and Lockbox Services	\$712,757	7/1/2007	8/25/2007
6	Modification 5	Reduction in Scope of Work	(\$637,450)	9/15/2008	1/2/2009
7	Modification 6	Increase Contract Ceiling	\$920,000	10/6/2008	1/2/2009
8	Modification 7	Rescinded Modification One	-0-	12/17/2008	2/2/2009
9	Modification 8	Exercised Partial Option for Option Year One	\$810,000	1/3/2009	2/11/2009
10	Modification 9	Photo Tickets to Boot File	\$4,000	12/31/2008	2/11/2009
11	Modification 10	Exercise Balance of Option Year One	\$5,437,156	2/12/2009	1/2/2010
12	Modification 11	Increase Contract Ceiling for Base Term and for Option Year One	\$3,430,984	1/3/2007 2/22/2009	1/2/2009 1/2/2010
13	Modification 12	First 1-Year Contract Extension	\$8,938,500	1/3/2010	1/2/2011
14	Modification 13	System Enhancements and Upgrades	\$155,200	5/20/2010	1/2/2011
15	Modification 14	Partial Second 1-Year Contract Extension	\$742,423	1/3/2011	2/2/2011
16	Modification 15	Partial Second 1-Year Contract Extension	\$1,584,846	2/3/2011	4/5/2011
17	Modification 16	Balance of Second 1-Year Contract Extension	\$6,831,806	4/6/2011	1/2/2012
18	Modification 17	SOW Changes	(\$37,500)	6/8/2011	1/2/2012
19	Modification 18	SOW Changes	-0-	8/23/2011	1/2/2012
20	Modification 19	Third 1-Year Contract Extension	\$9,395,691	1/3/2012	1/2/2013
Total			\$ 52,712,210		

EXHIBIT D. DMV'S RESPONSE TO THE DRAFT REPORT

DMV Response to Audit Report OIG No. 11-2-25MA
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audits that had not been performed. Therefore 15 audits should have been conducted during the stated period, of which three were performed as noted in the audit report.

3. Recommendation

Assess the feasibility of performing the quarterly audits and determine whether the frequency of performing the audits needs changing in future contracts.

Actions Taken or Planned

DMV agrees with the auditor conclusion and with OCP that quarterly audits may be excessive. DMV will comply with OCP's recommendation relative to future inclusion or non-inclusion of audits in DMV contracts. The solicitation for the pending TASS contract, which was put out to bid by OCP on September 7, 2012, does not contain an audit requirement.

4. Recommendation

Analyze the void and ticket data that ACS has billed for the past 5 years to determine the percentage of voided tickets and the dollar value paid. If the percentage of voided tickets is considerably lower than the percentage of warning tickets, consider renegotiating the terms of the ticket processing services contract to cap the fee for maintaining voided citations in the ticket database.

Actions Taken or Planned

DMV will coordinate with OCP on any consideration related to the renegotiation of the terms of the ticket processing services contract to either lower the \$2.00 fee or to cap the fee for maintaining voided citations in the ticket database. Additionally, DMV is cognizant that minimal processing is entailed with voids that are uploaded from handheld devices and will consult with OCP to develop a strategy to reduce the cost of voids in subsequent contracts. DMV is also exploring the feasibility of disengaging the automated update of voids from handheld devices if the voids are not required for subsequent adjudication. If voids are not updated to the ticket system, they are not chargeable by the contractor.

Comment

The audit recommendation to cap the fee for voided tickets specifically referenced those cancelled tickets that were automatically updated to the ticket system as voids from handheld devices without additional work on part of the contractor. The audit acknowledged that tickets updated as warnings served an adjudication purpose and therefore warning tickets were not included in the recommendation. Our research indicates that the large majority of tickets that are updated as voids to the ticket system from handheld devices are in fact warning tickets, specifically for ROSA sightings.* They are updated to the ticket system as voids rather than to the separate warnings database because tickets on the warnings database are not viewable in the ticket system. Therefore, technically, these tickets are warnings even though the ticket system counts them as voids. In hearings related to failure to obtain District vehicle registration

EXHIBIT D. DMV'S RESPONSE TO THE DRAFT REPORT

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infractions, adjudicators look for evidence of prior warnings to verify that adequate notice was provided to the ticket recipient.

*In calendar 2011, of the 59,235 tickets updated to the ticket system as voids, all but 6,765 were ROSA warnings. ROSA is the abbreviation for "registration of out of state automobiles." If a vehicle has been observed a second time within a 30-day period, a warning notice may be issued indicating the vehicle may be eligible for the issuance of a citation and/or impoundment if specified actions are not taken.

5. Recommendation

Design, document, and implement a reconciliation control for voidance processing of traffic tickets or citations.

Actions Taken or Planned

DMV agrees with the recommendation. The DMV Hearing Support supervisor or designee who is not the individual who entered the void transactions will regularly review the Online Disposition Report, generated by the ticket system daily, for void transactions entered by DMV personnel. This report will be compared to the void request list to determine if unauthorized voids were entered. The Hearing Support supervisor or designee will report any exception findings to the Administrator of Adjudication Services. This procedure will be in effect as of November 1, 2012.

6. Recommendation

Establish internal control procedures to ensure separation of duties between the employee processing the void transactions and the employee reconciling the processed transactions to the void request list.

Actions Taken or Planned

See response to Recommendation #5.

7. Recommendation

Develop a process and establish formal procedures for providing ticket-dismissal analysis data and reports to ticket-issuing agencies and law enforcement partners on a quarterly basis.

Actions Taken or Planned

DMV currently provides the primary ticket issuing agencies with monthly reports on dismissal rates. It is not clear what bi-annual report the auditors may have reviewed, but it was not the monthly dismissal report provided to ticket issuing agencies. We have contacted our technology staff to access emails sent in the past in an effort to provide the auditors with the actual reports previously sent. Also, it is unknown to us the identity of the MPD Program Manager mentioned in the audit. We send the MPD monthly dismissal reports to Matthew Klein per the direction of Assistant Chief Lamar Greene.

EXHIBIT D. DMV'S RESPONSE TO THE DRAFT REPORT

DMV Response to Audit Report OIG No. 11-2-25MA
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In an effort to streamline the distribution of the monthly dismissal reports, we will schedule an automated dismissal report to be e-mailed to designated contact persons within the primary ticket issuing agencies on a monthly basis. The report will continue to list data on individual tickets dismissed and summary data. We anticipate the new report distribution process will begin by November 1, 2012.

8. Recommendation

Identify and recommend areas in which each law enforcement partner needs to improve scheduling to ensure officers attend hearings and provide adequate training for ticket enforcement personnel to minimize preventable ticket dismissals.

Actions Taken or Planned

DMV has actively facilitated the efficiency of officer scheduling. Agency court liaisons can now log into the Business Objects reporting system to schedule and reschedule officer appearances and to view their schedules. Agencies establish and maintain their own court calendars online. This functionality was developed by DMV in coordination with its ticket processing contractor and primary issuing agencies. DMV also presently provides assistance to agency liaisons in use of the online system, provides guidance and instructions to liaisons as requested, and arranges for their access. However, it is not the responsibility of DMV for officers to appear at hearings, it is the responsibility of the issuing agency. If officer schedules change, it is the responsibility of the agency to reschedule the officers. At the direction of DMV, the ticket system is designed to reject a second rescheduling on part of either the officer or the citizen to minimize inconvenience.

In our role as an administrative court, in terms of our Adjudication function, DMV does not agree that it is our role to train ticket writers or to ensure a ticket is upheld. Ticket issuing agencies typically have training programs and trainers who should be able to adequately perform this function. It is DMV's responsibility to provide a fair and equitable hearing and to retain impartiality. The D.C. Code sets out the defenses to parking, moving and photo enforcement violations that are available to citizens, and if these defenses are established dismissal is appropriate. For example, a citizen who is charged with operating without insurance can present evidence of vehicle insurance at a hearing and the ticket will be dismissed, and a citizen charged with use of a cell phone while operating the vehicle can present evidence of a hands-free device at a hearing and that ticket will be dismissed.

9. Recommendation

Review the system for other tickets/citations that the issuing agency may have submitted for voidance processing after DMV adjudication of liability and ascertain whether there is a need to design and implement a control to prevent future occurrences.

Actions Taken or Planned

DMV does not agree with this recommendation. The DMV General Counsel has advised that if an enforcement agency requests a ticket to be voided that it issued, then DMV should void the

EXHIBIT D. DMV'S RESPONSE TO THE DRAFT REPORT

DMV Response to Audit Report OIG No. 11-2-25MA
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ticket, no matter what stage of the proceedings (even if the case is closed). It is similar to a criminal action that after all appeals have been taken, the prosecutor decides to request that the matter be dismissed.

If you have questions regarding this response please contact me at lucinda.babers@dc.gov or 202-727-2200.

Sincerely,



Lucinda Babers
Director

cc: Allen Lew, City Administrator
James Staton, Chief Procurement Officer

EXHIBIT E. OCP'S RESPONSE TO THE DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of Contracting and Procurement



OFFICE OF THE DIRECTOR

September 7, 2012

Charles Willoughby
Office of the Inspector General
717 14th St, N.W.
Washington, DC 20005

Re: **OCP Response to the Inspector General's (OIG) Audit of the District's Department of Motor Vehicles Ticket Processing Services (OIG No. 11-2-25MA)**

Dear Mr. Willoughby:

Thank you for the opportunity to respond to the Office of the Inspector General's (OIG) audit report of the District's Department of Motor Vehicles ticket Processing Services (OIG No. 11-2-25MA). Please see OCP's management response below:

We recommend that the Director, DMV and Chief Procurement Officer, OCP, solicit and award a new, competitively bid contract for ticket processing and related services prior to the expiration of the sole source extension on January 2, 2013.

OCP agrees with this recommendation. A new solicitation was issued on September 7, 2012

We recommend that the Director, DMV and the Chief Procurement Officer, OCP, assess the feasibility of performing the quarterly audits and determine whether the frequency of performing the audits needs changing in future contracts.

OCP agrees with this recommendation and has determined that it is unfeasible to require quarterly audits. Furthermore, OCP launched a new contract administration program in November 2011. Under this new program, Contract Administrators are required to monitor and ensure that contractors are meeting the District's interest in terms of providing deliverables that are complete, timely, and cost effective. In addition, OCP's Office of Procurement Integrity and Compliance (OPIC) conducts performance audits to provide an independent assessment of agencies' contract administration responsibilities. Therefore, there will be no quarterly audit requirement in future contracts.

We recommend that the Director, DMV, and the Chief Procurement Officer, OCP, analyze the voided and warning tickets data that ACS has billed for the past 5 years to determine the percentage of voided tickets and the dollar value paid. If the percentage of voided tickets is considerably lower than the percentage of warning tickets, consider renegotiating

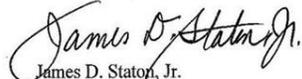
EXHIBIT E. OCP'S RESPONSE TO THE DRAFT REPORT

the terms of the ticket processing services contract to cap the fee for maintaining voided citations in the ticket database.

OCP agrees with this recommendation and will consider renegotiating the terms of the ticket processing services contract to either lower the \$2.00 fee or to cap the fee for maintaining voided citations in the ticket database.

If you have any further questions regarding this response please contact [REDACTED], OCP Procurement Integrity & Compliance Officer at ocp.integritycompliance@dc.gov or [REDACTED] Procurement-Strategic Analyst, Office of Procurement Integrity & Compliance at 724-5279.

Sincerely,



James D. Staton, Jr.
Chief Procurement Officer
Office of Contracting and Procurement